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C O N F I D E N T I A L SECTION 01 OF 03 CHENGDU 000230

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SUBJECT: SOUTHWEST CHINA'S TIBETAN AREAS - SIMMERING TENSIONS AND
SECURITY CONCERNS

REF: CHENGDU 220 AND PREVIOUS

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CLASSIFIED BY: John Hill, Acting Consul General, Chengdu,
Department of State.
REASON: 1.4 (b), (d)

1. (C) Summary: Ethnic Tibetan areas of Sichuan and Yunnan are under increased security pressure from government authorities in the wake of demonstrations in the town of Litang in western Sichuan's Ganzi Prefecture that were set off by the arrest of a man calling for the return of the Dalai Lama at a major public gathering in early August (ref). A simmering conflict within the Dalai Lama's Gelugpa school of Tibetan Buddhism may be being manipulated by local officials, adding to tensions on the ground. Despite the growth of the tourist economy in some towns, contacts stressed to us during our recent swing through the region their continued concerns over economic marginalization of Tibetans and environmental degradation. End summary.

2. (U) Consul General, Congenoff, and Consulate's ethnic Tibetan LES Political Assistant visited Tibetan areas of Sichuan and Yunnan from August 22-28 in the company of a Bangkok-based USAID official and representatives of U.S.-based NGOs Winrock International (Winrock) and The Mountain Institute (TMI). The delegation visited sites in and around both Hongyuan (in west Sichuan's Aba Tibetan Autonomous Prefecture) and Zhongdian (in northwest Yunnan's Diqing Prefecture).

3. (C) Originally planned for August 20-29, the trip had to be reduced in scope after the Sichuan Foreign Affairs Office (FAO) denied permission for the delegation to visit project sites in Ganzi. (Note: Although the Sichuan FAO explained that this was done for safety reasons due to the bad condition of the prefecture's mountainous roads, a more likely explanation was its desire not to let us see first hand the implementation of a security crackdown following the "August 1 Litang Incident" involving calls for the Dalai Lama's return and for Tibetan autonomy (ref). A good contact in Ganzi told us in the aftermath of this incident, Chinese authorities had dispatched an additional 600 security personnel to Ganzi. End note.) Our requested itinerary had us driving through Ganzi, including past Litang, and then down into northwest Yunnan.

ZHONGDIAN'S TRANSFORMATION INTO "SHANGRI-LA"

14. (U) The small city of Zhongdian (or Shangri-la) sits at an altitude of 3,340 meters (approx. 11,000 feet) in an alpine valley in northwestern Yunnan. The seat of the Diqing Tibetan Autonomous Prefecture, it (and the county in which was located) was renamed Shangri-la in 2000, from the famous James Hilton novel of the 1930's, in an effort to market itself as a "lost paradise" for tourists. According to local officials, the area attracted over two million tourists in 2006, about 90 percent of whom were Chinese domestic tourists on package tours. The average stay in the area was only 1.2 days. Officials told us they expect to welcome over three million tourists in 2007.

15. (SBU) Both local officials and tourist industry contacts attribute Shangri-la's successful marketing to the Prefecture's Party Secretary and Governor, an ethnic Tibetan named Qi Zhala. Qi has been in the post of Party Secretary for only a few months, but has served as Governor or in other leadership positions in Zhongdian for a number of years. (Note: According to our information it is rare for an ethnic Tibetan to serve simultaneously as both the local party secretary and government head. End note.) By all accounts, early in his official career Qi focused on the development of Zhongdian as a natural tourist destination, and in testament to his efforts the streets of the town are filled with attractive souvenir shops and restaurants and bars catering to both Chinese and western travelers. Construction in and around the town is booming - in addition to numerous small wooden shops and houses in the old section of town, the city also boasts a brand-new five-story cultural center, a new prefecture administrative building, and a large horseracing arena.

16. (C) A foreign contact working in the field of small business development for an NGO in Zhongdian told us local authorities are very eager to stimulate business activity and investment in the city. For instance, although foreign business owners are required by Chinese law to post registered capital of 300,000 RMB (approx. USD 40,000), this requirement is largely "winked

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at" in Zhongdian since foreigners are allowed to use the names of Chinese citizens (with far smaller capital requirements) on their business licenses. Likewise, tax collection is enforced very laxly: when authorities attempted in January 2007 to make Zhongdian shopkeepers comply strictly with tax accounting and payment regulations, most businesses simply shut down, and within a few days government authorities had abandoned their enforcement efforts.

BUT CONFLICTS REMAIN - INCLUDING AMONG TIBETANS

17. (C) However, religious, political, and ethnic tension remain in evidence beneath this apparent increased prosperity. Shangri-la and Diqing Prefecture are important sites for the Dalai Lama's Gelugpa school of Tibetan Buddhism. The "Tibetan Government-in-Exile's Prime Minister" Samdong Rinpoche is from Diqing and the incarnate Buddhas (rimpoche) of two large area monasteries in the area have been in exile for many years in India.

18. (C) According to one contact in Zhongdian, an ethnic Tibetan graduate student, Tibetan areas of both Yunnan and Sichuan have been affected by strife arising from devotion to the deity Dorje Shugden. The Shugden deity is believed by some Gelugpa adherents to be a benign spirit devoted to the protection of that school. However, some Tibetan Gelugpa followers as well as adherents of other schools see Shugden as a destructive force, with the potential to harm overall Tibetan religious unity through its perceived animosity to such other schools as the Nyingma. Consequently, our contact continued, the Dalai Lama several years ago rejected the worship of Shugden and embraced a

philosophy ("Rime"), which calls for greater understanding and cooperation between Tibetan Buddhism's various schools and practices. (Note: Among ethnic Tibetans, followers of Shugden are popularly blamed for several murders that occurred in Dharamsala in India in February of 1997, and those involved in the murders are widely believed to have been planning an attack on the Dalai Lama himself. End note.)

¶9. (C) The researcher told Consulate's Political Assistant that, despite the Dalai Lama's call for Buddhists to end their worship of Shugden, the practice remains popular in some quarters. Some Shugden adherents have returned from Dharamsala to Sichuan and Yunnan to run Shugden temples, and some of those temples are supposedly supported financially by local authorities. The researcher added that many Tibetans believe Chinese authorities are quietly encouraging this worship in an effort to divide the Tibetan community and to weaken the authority of the Dalai Lama. For example, one large monastery near Zhongdian, the Sumtsenling Monastery, consists of eight colleges belonging to the Gelugpa sect: five of those colleges reject the worship of Shugden, while the remaining three continue to propitiate the deity. The researcher said that in 2006 Nyingma believers from Sichuan attacked a temple in Yunnan devoted to Shugden and blew it up with homemade explosives (the exact site of that alleged attack was not identified).

¶10. (C) No doubt well aware of continued tensions in the area, local authorities appear to have recently stepped up security measures, especially following the Litang incident described above, and in advance of the Diding Prefecture's fiftieth anniversary celebrations on mid-September. Local employees of one NGO reported that their offices had been visited repeatedly over the last few weeks without previous notice by local officials believed to be affiliated with security agencies. During the visits, the officials inquired about recent activities of the NGOs, but made no overt threats. Likewise, a tour guide reported that authorities had temporarily banned Han tourists from visiting Zhongdian until after the Prefecture's anniversary ceremonies had concluded. And to underscore the tense security environment, Congenoffs were followed closely (and filmed) during their visit, even while they met at lunch with a local contact working in ecotourism development.

HONGYUAN: ENVIRONMENTAL PROBLEMS, MARGINALIZATION

¶11. (SBU) Situated on the high open plains of Aba Tibetan Autonomous Prefecture in northern Sichuan, Hongyuan's physical environment and economic conditions are far different from Yunnan's Zhongdian. Tourists are fewer -- most visitors to Aba

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limit their trips to the Jiuzhaigou national park -- infrastructure is lacking, and there is little construction underway in the area (although plans for the construction of an airport have been announced).

¶12. (C) According to local NGO representatives, Hongyuan's environment and economy face daunting challenges: rat infestations, the deterioration of grasslands, and the economic marginalization of the area's majority ethnic Tibetan population. Tibetans are engaged mainly in agricultural and animal husbandry work, while Han and Muslim Hui dominate the important processing and distribution industries such as yak meat and cheese. With low levels of Mandarin ability among local Tibetans, and little entrepreneurial experience, the task of bringing Tibetans into the area's economic mainstream appears to be very difficult. And unlike their ethnic brethren in Zhongdian, Hongyuan's Tibetan population appears to have few opportunities to move into cash-paying jobs such as construction or the hospitality industry.

COMMENT

¶13. (C) Despite the local and central governments' marketing of Tibetan areas as tourist paradises, continued tensions and potential security concerns remain in Yunnan and Sichuan. Hongyuan's economic and environmental problems illustrate the depth of the region's developmental dilemma: increasing agricultural prosperity is a major challenge, while encouraging tourism could serve to increase ethnic tensions as more Han come into contact with their Tibetan compatriots. Official proclamations to the contrary, the concept of "harmonious society" is often at odds with reality in southwest China's Tibetan areas.

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